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1964/07/16

EYES ONLY
SECRET

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EYES ONLY

CUBA

16 July 1964

MEMORANDUM FOR: The Members of the 303 Committee
SUBJECT: Financial Support to the Autonomous Group
Headed by Manuel ARTIME

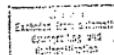
1. This memorandum is for the information of the 303 Committee.

2. Since the approval of this program by the Standing Group and Higher Authority in June 1963, the Agency has spent, through 30 June 1964, \$4,933,293 in support of the ARTIME operation. At the present time ARTIME is receiving a monthly subsidy of \$225,000 for normal operating expenses. Unusual or extraordinary costs such as purchase of additional boats and construction equipment or major ship repairs are funded separately as required.

3. The "rules of engagement" for autonomous operations (see Attachment, Chronology of Autonomous Operations) which were an integral part of the approved covert program precluded the Agency from applying its normal operational, fiscal and accounting controls. In

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391

lieu thereof the budget and expenditures have been measured against known or estimated operational costs. All monies allocated and spent for purchases or services of an extraordinary nature are paid on a cost basis. The monthly subsidy of \$225,000 was arrived at and is based in part on such items as a payroll of \$95,000 for 385 men, subsistence of \$27,000 based on \$3.00 per day per man for some 300 men in training camps, \$47,000 for aviation and maritime operations and maintenance, \$15,000 for camp maintenance in both Costa Rica and Nicaragua, and \$12,000 travel expenses.

4. Within the limitations of the concept of autonomous operations, we have conducted a review of the expenditures of the operating budget of the ARTIME group. Except for financial losses sustained as a result of poor management, the funds placed at ARTIME's disposal have probably been applied for the purposes for which they were intended. ARTIME is in charge of a multimillion dollar project; his compensation on a GS-13 scale appears equitable in those conditions. We have no hard intelligence to support the allegation that ARTIME is leading a life of ostentation and affluence.

*What is he doing?
Is he really
leading a life
of ostentation and affluence?*

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We have found no evidence of defalcation. However, it must be recognized that unfortunately this possibility is ever present in a program of this magnitude and under the existing rules of engagement. Our best protection is to estimate appropriate costs for known activities and accomplishments and budget accordingly. No one can guarantee either total probity or efficiency, but we feel quite confident that if substantial funds are either stolen or wasted it will soon come to our attention.